

*Check
for anything new*

MAHER SHOES

LIMITED



ANNUAL
REPORT

January 31st, 1968



Digitized by the Internet Archive
in 2023 with funding from
University of Alberta Library

https://archive.org/details/Mahe0330_1968

MAHER SHOES LIMITED

TORONTO, CANADA

BOARD OF DIRECTORS

LANE R. CHESTER

EARL H. ORSER

DONALD G. WILLMOT

JACK B. COUTTS

GEORGE F. TRAVELLE

GEORGE M. WILSON

THOMAS P. WILSON

OFFICERS

LANE R. CHESTER		CHAIRMAN
JACK B. COUTTS		PRESIDENT
THOMAS P. WILSON		VICE-PRESIDENT
GEORGE F. TRAVELLE		SECRETARY
FRANK R. HARVEY		TREASURER
DONALD E. ROSS		DIRECTOR — MERCHANDISING
LORNE D. PHILLIPS		SALES MANAGER — MAHER STORES
ROBERT C. WILSON		SALES MANAGER — BONITA STORES
ECKHARDT J. BAKER		SALES MANAGER — LEASED DEPTS.

AUDITORS

CLARKSON, GORDON & Co. TORONTO

SOLICITORS

KILMER, RUMBALL, GORDON, DAVIS AND SMITH TORONTO

REGISTRAR AND TRANSFER AGENT

THE CANADA TRUST COMPANY TORONTO

HEAD OFFICE

144 FRONT STREET WEST

TORONTO 1

REPORT OF THE BOARD OF DIRECTORS TO THE SHAREHOLDERS

FINANCIAL

The fiscal year ended January 31, 1968, was one of sustained growth. Sales continued their upward trend resulting in record net earnings of \$490,044 (\$450,577 in 1967). After providing for preferred dividend requirements of \$94,000 in each of 1968 and 1967, earnings per common share amounted to \$1.98 compared with \$1.78 in the preceding year. The Company's working capital increased during 1968 by \$263,868 to \$1,715,380. The working capital ratio at the end of the year was 2.9 to 1, up from 2.5 to 1 at the end of the previous year.

DEVELOPMENT AND EXPANSION

Throughout Maher's history, prime retail locations have been given priority consideration. Consistently we have located our stores at the heart of retailing activity throughout the Province of Ontario. It was with pleasure, therefore, that we recently notified you that on February 29, 1968 Maher acquired all the outstanding shares of Copp the Shoeman Limited. The Copp chain comprises 22 retail shoe stores, all of which are located in British Columbia. This acquisition gives the company its first retail locations outside of Ontario. Since this transaction was finalized subsequent to January 31, 1968, the financial statements do not reflect any Maher interest in Copp except for the reference in note 4 thereto. At the year end, 129 stores and leased departments were in operation, whereas this number has increased to 152 at the date of this report.

FASHION AND BRAND NAMES

The desire of Canadians to be fashionable has shown a marked increase in recent years. This desire is pronounced at every economic level, both urban and rural, and at all age levels. News about fashion in shoes receives more dramatic acceptance today than ever before. The company benefits not only from its fashionable, high-styled merchandise but also from its exclusive brand names which have achieved long standing consumer loyalty. Our close and mutually profitable association with many fine shoe manufacturing companies which produce our merchandise to our precise specifications, includes both large and small manufacturers, foreign and domestic. They make our exclusive brands for all three retail divisions—Maher, Bonita and Leased Departments.

RETAIL DIVISIONS

The Maher Shoe division is comprised of 107 stores and accounts for the largest share of total company sales. The familiar Maher sign is represented in most major centres in Ontario and we are proud of our reputation as a retailer of popular priced family footwear. The Bonita Beautiful Shoes division merchandises high-fashioned women's

shoes and accessories. We are pleased with the performance of this division which now contains 14 units, the most recent one being opened in March, 1968. More Bonita Salons are scheduled to open in the current year.

The Leased Department division was consolidated during the year resulting in increased earnings. It is composed of 9 units located in stores which operate largely on a self service basis and appeal to the economy conscious customer.

OTHER DIVISIONS

The Manufacturing and Wholesaling divisions, although relatively smaller than the Company's retail divisions, provide a satisfactory and useful complement to the retail operations. The special contract department operates from within this division and caters to large users of footwear on a contract basis. It generates a substantial volume of profitable sales.

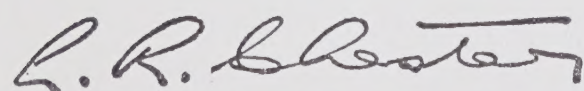
APPRECIATION

The steady development of key personnel is most important to the successful continuation of the company. Each store manager has been developed from within our retail sales force. All supervisors have been store managers and all buyers have come from within the Company's ranks. We wish to express appreciation to all our loyal, energetic and conscientious staff in each department. Their contributions have been a most significant factor in the Company's successful and continued growth.

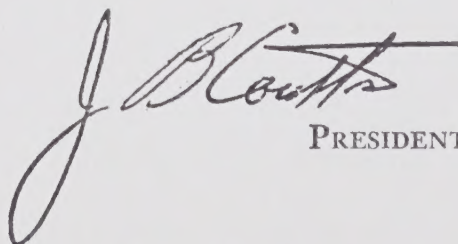
OUTLOOK

The acquisition of Copp the Shoeman Limited has provided a strong foundation for further expansion into Western Canada. A deeper penetration of the Ontario market is expected this year through the energetic application of the Company's proven policies combined with the careful selection of new store locations. Management is confident that the financial position and earnings of the company will continue to strengthen and expand in the ensuing year.

On Behalf of the Board of Directors



CHAIRMAN OF THE BOARD.



PRESIDENT.

Toronto, Canada, April 16, 1968.

AUDITORS' REPORT

To the Shareholders of

Maher Shoes Limited:

We have examined the balance sheet of Maher Shoes Limited as at January 31, 1968 and the statements of earnings and retained earnings and source and application of funds for the year then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion these financial statements present fairly the financial position of the company as at January 31, 1968 and the results of its operations and the source and application of its funds for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Toronto, Canada

March 28, 1968.

CLARKSON, GORDON & CO.,

Chartered Accountants

MAHER SHOES LIMITED

NOTES TO FINANCIAL STATEMENTS

JANUARY 31, 1968

1. The company's land and buildings are valued at depreciated replacement value as determined by Dominion Appraisal Company Limited on March 24, 1965, with subsequent additions at cost. Depreciation charges have been based on the appraised asset values where applicable. The surplus arising from this appraisal in 1965 was applied to reduce the excess of the cost of the investment in the predecessor company over the book values of its tangible assets at the date of acquisition.
2. Remuneration of directors and senior officers (as defined under the Corporations Act of Ontario) amounted to \$170,014 for the year ended January 31, 1968.
3. The minimum annual rentals, exclusive of taxes and other expenses, total approximately \$390,000 under long term lease agreements extending beyond five years from January 31, 1968 and maturing at various dates to October 14, 1987.
4. Subsequent to the year end the company purchased the outstanding shares of Copp The Shoeman Limited for \$650,000.

MAHER SH

(Incorporated under the laws of the State of New York)

BALANCE SHEET

JANUARY 31, 1968

A S S E T S

	<u>1968</u>	<u>1967</u>
Current:		
Cash and short term deposits	\$ 492,732	\$ 103,527
Accounts receivable	165,456	163,219
Inventories, valued at the lower of cost or market	1,919,953	2,086,102
Prepaid expenses	51,802	49,202
	<u>2,629,943</u>	<u>2,402,050</u>
Fixed:		
Buildings (note 1)	697,669	685,685
Fixtures and equipment, at cost	1,161,825	1,264,032
	<u>1,859,494</u>	<u>1,949,717</u>
Less accumulated depreciation	803,398	882,070
	<u>1,056,096</u>	<u>1,067,647</u>
Land (note 1)	660,000	660,000
Improvements to store premises, at cost less accumulated amortization	338,055	357,771
	<u>2,054,151</u>	<u>2,085,418</u>
Other:		
Special refundable tax	26,624	
Debenture issue expenses, at cost less amounts written off	39,719	43,900
Excess of cost of investment in a predecessor company over the values assigned to its tan- gible assets as at date of acquisition (note 1)	1,172,595	1,172,595
	<u>1,238,938</u>	<u>1,216,495</u>
	<u>\$5,923,032</u>	<u>\$5,703,963</u>

On behalf of the Board:

Lane R. Chester, Director

Jack B. Coutts, Director

See notes to financial statements

ES LIMITED

(the laws of Ontario)

SHEET

31st, 1968

L I A B I L I T I E S

	<u>1968</u>	<u>1967</u>
Current:		
Bank indebtedness		\$ 275,714
Accounts payable and accrued charges	\$ 521,388	431,149
Income and other taxes payable	345,175	243,675
Current portion of long-term debt	48,000	
	<u>914,563</u>	<u>950,538</u>
Long-term Debt:		
6¼% sinking fund debentures Series A maturing April 1, 1987	1,750,000	1,750,000
Less instalment due within one year included under current liabilities	48,000	
	<u>1,702,000</u>	<u>1,750,000</u>
Deferred Income Taxes	<u>24,000</u>	<u>21,000</u>
Shareholders' Equity:		
Capital —		
Authorized:		
156,675 60¢ cumulative, non-redeemable preference shares without par value		
400,000 common shares without par value		
Issued:		
156,666 preference shares	1,413,127	1,413,127
200,000 common shares	1,032,816	1,032,816
	<u>2,445,943</u>	<u>2,445,943</u>
Retained earnings	836,526	536,482
	<u>3,282,469</u>	<u>2,982,425</u>
	<u>\$5,923,032</u>	<u>\$5,703,963</u>

MAHER SHOES LIMITED

STATEMENT OF EARNINGS AND RETAINED EARNINGS

YEAR ENDED JANUARY 31, 1968

	<u>1968</u>	<u>1967</u>
Earnings before the undernoted items	\$1,343,954	\$1,206,589
Depreciation and amortization	129,538	122,557
Loss on disposal of fixed assets	17,497	4,129
	<u>147,035</u>	<u>126,686</u>
Operating profit before interest and income taxes ..	<u>1,196,919</u>	<u>1,079,903</u>
Deduct:		
Debenture interest (including write off of debenture issue expenses of \$4,181 in 1968 and \$4,129 in 1967)	113,656	113,504
Bank and other interest (net)	<u>27,219</u>	<u>23,822</u>
	<u>140,875</u>	<u>137,326</u>
Earnings before income taxes	1,056,044	942,577
Income taxes	<u>566,000</u>	<u>492,000</u>
Net earnings for the year	490,044	450,577
Retained earnings, beginning of year	536,482	271,905
	<u>1,026,526</u>	<u>722,482</u>
Deduct dividends paid on:		
Preference shares — 60¢ per share	94,000	94,000
Common shares — 48¢ per share (46¢ in 1967).....	96,000	92,000
	<u>190,000</u>	<u>186,000</u>
Retained earnings, end of year	<u>\$ 836,526</u>	<u>\$ 536,482</u>

See notes to financial statements

MAHER SHOES LIMITED

STATEMENT OF SOURCE AND APPLICATION OF FUNDS

YEAR ENDED JANUARY 31, 1968

	<u>1968</u>	<u>1967</u>
Funds provided:		
From operations —		
Net earnings for the year	\$ 490,044	\$ 450,577
Add non-cash charges included therein:		
Depreciation and amortization	129,538	122,557
Deferred income taxes	3,000	21,000
Loss on disposal of fixed assets	17,497	4,129
Debenture issue expenses written off	4,181	4,129
	<u>644,260</u>	<u>602,392</u>
Funds applied:		
Purchase of fixed assets (net)	115,768	250,577
Special refundable tax	26,624	
Reduction in long-term debt	48,000	
Dividends paid	190,000	186,000
	<u>380,392</u>	<u>436,577</u>
Increase in working capital	263,868	165,815
Working capital, beginning of year	<u>1,451,512</u>	<u>1,285,697</u>
Working capital, end of year	<u>\$1,715,380</u>	<u>\$1,451,512</u>
Current assets	\$2,629,943	\$2,402,050
Current liabilities	<u>914,563</u>	<u>950,538</u>
Working capital	<u>\$1,715,380</u>	<u>\$1,451,512</u>

MAHER SHOES LIMITED

ARE LOCATED

IN METROPOLITAN TORONTO

1254 BLOOR STREET WEST	732 QUEEN STREET EAST
582 COLLEGE STREET	2038 QUEEN STREET EAST
709 DANFORTH AVENUE	566 QUEEN STREET WEST
2036 DANFORTH AVENUE	1410 QUEEN STREET WEST
1470 DUNDAS STREET WEST	293 RONCESVALLES AVENUE
2920 DUNDAS STREET WEST	1192 ST. CLAIR AVENUE WEST
1034 GERRARD STREET EAST	1724 ST. CLAIR AVENUE WEST
1443 GERRARD STREET EAST	MOUNT DENNIS
980 KINGSTON ROAD	LONG BRANCH
423 PARLIAMENT STREET	NEW TORONTO
463 PARLIAMENT STREET	

AND THROUGHOUT ONTARIO

AURORA	GUELPH	PICTON
BARRIE	HAMILTON	PORT HOPE
BELLEVILLE	13 MARKET SQUARE	RENFREW
BOWMANVILLE	HUNTSVILLE	SAULT STE. MARIE
BRACEBRIDGE	KINGSTON	ST. MARYS
BRAMPTON	KIRKLAND LAKE	ST. THOMAS
BRANTFORD	KITCHENER	SARNIA
CHATHAM	LISTOWEL	SIMCOE
COBOURG	NIAGARA FALLS	SMITHS FALLS
COLLINGWOOD	NORTH BAY	STRATFORD
DUNDAS	ORANGEVILLE	SUDBURY
DUNNVILLE	ORILLIA	TILLSONBURG
ESPANOLA	OWEN SOUND	TIMMINS
ELLIOT LAKE	PARIS	TRENTON
GEORGETOWN	PEMBROKE	WALLACEBURG
GODERICH	PENETANGUISHENE	WELLAND
GRAVENHURST	PERTH	WINDSOR
GRIMSBY	PETERBOROUGH	WOODSTOCK

MAHER SHOES LIMITED

ARE LOCATED

IN SHOPPING PLAZAS

AGINCOURT MALL . . . TORONTO	LUNDY'S LANE . NIAGARA FALLS
AJAX AJAX	MOUNTAIN PLAZA . . HAMILTON
APPLEWOOD VILLAGE . TORONTO	NEWMARKET . . . NEWMARKET
ARGYLE MALL LONDON	NEWTONBROOK . . . TORONTO
BELLEVILLE BELLEVILLE	NORTHTOWN TORONTO
BROOKDALE . . . PETERBOROUGH	OAK-QUEEN OAKVILLE
CEDAR HEIGHTS . . . TORONTO	OSHAWA OSHAWA
THE CENTRE HAMILTON	PARKWAY TORONTO
CLOVERDALE MALL . . TORONTO	PEN CENTRE . . . ST. CATHARINES
DOWNSVIEW TORONTO	SHOPPERS' WORLD . . TORONTO
DUFFERIN TORONTO	SKY-WAY STONEY CREEK
EGLINTON SQUARE . . TORONTO	TOWNE & COUNTRYE
FENNEL HAMILTON	SQUARE TORONTO
FINCHURST TORONTO	VALLEY PLAZA HANMER
GUELPH GUELPH	UNIVERSITY DUNDAS
KIPLING HEIGHTS . . TORONTO	WHITE SHIELD . . . TORONTO
WOODVIEW PARK . . . WESTON	YORKDALE TORONTO

BONITA BEAUTIFUL SHOE SALONS

ARE LOCATED AT

KINGSTON	KITCHENER	LONDON
OSHAWA	SUDBURY	WINDSOR
121 KING ST. HAMILTON	EGLINTON SQUARE . . . TORONTO	
THE CENTRE HAMILTON	NORTHTOWN TORONTO	
DUFFERIN PLAZA . . . TORONTO	SHOPPERS' WORLD . . . TORONTO	
ARGYLE MALL LONDON		

LEASED DEPARTMENTS

ARE LOCATED IN

SENTRY DEPARTMENT STORES

WINDSOR	KINGSTON	SARNIA	SAULT STE. MARIE
---------	----------	--------	------------------

G.E.M. DEPARTMENT STORES

OTTAWA	TORONTO
GRAND RIVER DEPARTMENT STORE GALT	
HUDSON'S DEPARTMENT STORE LONDON	
TOWERS DEPARTMENT STORE BRAMPTON	

